



# Department of Justice

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## **JUSTICE DEPARTMENT REQUIRES L'OREAL AND CARSON INC. TO DIVEST TWO BRANDS OF RETAIL HAIR RELAXERS**

### **Without Divestitures, Consumers Would Have Faced Higher Prices For These Products**

WASHINGTON, D.C. -- The Department of Justice will require two suppliers of hair care products -- L'Oreal USA Inc. and Carson Inc. -- to sell two retail brands of women's hair relaxers in order to resolve the Department's antitrust concerns involving L'Oreal's proposed acquisition of Carson. As originally proposed, the \$79 million cash tender offer would have resulted in L'Oreal controlling about 50 percent of the retail sales of women's hair relaxer kits, and three of the top five selling brands.

The Department's Antitrust Division filed a complaint and proposed consent decree today in the U.S. District Court in Washington, D.C. The consent decree, if approved by the court, would resolve the Department's competitive concerns and the lawsuit.

"The deal as originally proposed would have resulted in higher prices for consumers," said Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division. "These divestitures will protect competition in this marketplace."

Hair relaxers are beauty products used to straighten naturally curly hair. According to the complaint, the proposed acquisition would have substantially lessened competition in the sale of women's hair relaxer kits sold through retail channels in the United States. L'Oreal and Carson

compete directly in the production, marketing, and sale of hair relaxer kits, and are two of the nation's three largest producers of these products.

The proposed consent decree requires L'Oreal and Carson to divest Carson's *Gentle Treatment* and *Ultra Sheen* brands and certain related assets. Carson acquired these brands from Johnson Products Co. Inc. in 1998. The brands are sold throughout the U.S. and together account for approximately 14 percent of all women's hair relaxer kits sold through retail channels in the U.S.

L'Oreal USA Inc. is a Delaware corporation headquartered in New York City and is a wholly owned subsidiary of the French corporation L'Oreal S.A. In 1999, L'Oreal S.A. reported more than \$10 billion in worldwide annual sales and \$11 billion in total assets. L'Oreal's presence in the women's hair relaxer market is largely due to its 1998 acquisition of the Chicago-based Soft Sheen Products Inc. L'Oreal makes and sells a complete line of hair care products including hair relaxers (both retail kits and professional relaxers), hair dressings, shampoos, and conditioners. Soft Sheen sells women's hair relaxer kits through retail channels under the brand names *Optimum Care*, *Alternatives* and *Frizz Free*.

Carson Inc. is a Delaware corporation headquartered in Savannah, Georgia. Carson makes and sells a complete line of hair care products, including hair relaxers, shampoos, conditioners, hair oils, hair colors, and shaving cremes. It is the leading manufacturer of women's hair relaxer kits, which are sold through retail channels under the brands *Dark & Lovely*, *Gentle Treatment*, and *Ultra Sheen*. In 1999, Carson reported worldwide sales of approximately \$169 million.

As required by the Tunney Act, the proposed consent decree resolving this lawsuit, along with the Department's Competitive Impact Statement, will be published in the Federal Register. They are also available for inspection at the Department of Justice or the Clerk's Office at the U.S. District Court for the District of Columbia. Any person may submit written comments concerning the proposed decree during a 60-day comment period to:

J. Robert Kramer II  
Chief, Litigation II Section  
Antitrust Division  
U.S. Department of Justice  
1401 H Street, N.W., Suite 3000  
Washington, D.C. 20530

At the conclusion of the 60-day comment period, the Court may enter the consent decree upon a finding that it serves the public interest.

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